



DEPARTMENT OF STATE

Washington, D.C. 20520

April 29, 1982

~~SECRET~~

Interagency Group No. 18

TO: OVP - Mrs. Nancy Bearg Dyke
NSC - Mr. Michael O. Wheeler
CIA -
Defense - COL John Stanford
JCS - MAJ Dennis Stanley
OMB - Mr. William Schneider
Treasury - Mr. David Pickford

25X1

SUBJECT: NSSD 8-82 - Interagency Group Meeting on Horn of
Africa, May 3, 1982

The study paper for this meeting is attached.

L. Paul Bremer, III
L. Paul Bremer, III
Executive Secretary

Attachment:

As stated.

~~SECRET~~

RDS-2, 4/29/82

SECRET

U.S. STRATEGY TOWARDS THE HORN OF AFRICA

Study Paper, NSSD-8

Introduction	1
I. U.S. Interests and Objectives; Threats to U.S. Interests	1
II. Current Situation and Trends	2
III. Current U.S. Policies, Resource Allocations and Instruments of Influence	11
IV. A Modified Strategy	13

* * * * *

Annex I.	Projected Military Facility Requirements
Annex II.	U.S. Assistance and Military Construction Funding for Horn of Africa, FY 80-85
Annex III.	Recent Developments, Table of Military Forces in the Horn of Africa
Annex IV.	Impact of Security Assistance on Economies of Recipient States
Annex V.	Sources of U.S. Leverage in the Horn

SECRET

SECRET

U.S. STRATEGY TOWARDS THE HORN OF AFRICA

Study Paper

Introduction

National Security Study Directive No. 8 of April 12, 1982 provided the terms of reference for a review of U.S. strategy towards the Horn of Africa by an Interagency Group chaired by the Assistant Secretary of State for African Affairs. The objective of the review is to produce a draft National Security Decision Directive on this subject for consideration by the National Security Council and decision by the President. The Interagency Group is to report its findings to the National Security Council not later than June 21, 1982.

The National Security Study Directive provides that the review of U.S. strategy toward the Horn countries should be based on an assessment of the U.S. position in the region in light of current military, political and economic trends and an examination of available instruments of U.S. influence. The Horn countries are specified as Somalia, Ethiopia and Djibouti; the review is also directed to consider related U.S. interests in adjacent countries such as Kenya, Sudan and Saudi Arabia. The focus of the review is to be the period from now through FY-85.

This study paper has been prepared as the basis for the Interagency Group's review and consideration of recommendations to the National Security Council.

I. U.S. Interests and Objectives; Threats to U.S. Interests

The Horn of Africa is important to the U.S. primarily because of its strategic location with respect to the Persian Gulf/Southwest Asia region. The U.S. has multiple interests and objectives in the Horn and the larger Middle East and African regions of which it is a part. The most significant of these objectives are:

-- to ensure continued Western access to regional resources (oil) and lines of communication (e.g. Bab al Mandeb strait);

SECRET

RDS-1, 4/28/02

SECRET

-2-

-- to gain and consolidate access to regional facilities and support for the projection of U.S. forces;

-- to deter and counter Soviet and other (Libyan) actions against U.S. interests;

-- to strengthen U.S. credibility as a reliable friend and a serious opponent;

-- to reduce local conflicts which risk destabilizing the region, including continuing and maintaining support for the Middle East peace process, and build or strengthen relationships between our friends; and

-- to reduce and remove Soviet and Soviet-proxy (e.g. Cuban) presence and influence in the region.

The Soviet presence in the Horn (Ethiopia as well as South Yemen) is both a potential strategic threat and a political threat to Western influence. The recent tripartite pact between Ethiopia, Libya and South Yemen has added the threat of active Libyan destabilization efforts against Sudan and Somalia through Ethiopia. The continued presence of Cuban troops in Ethiopia and the longer-term potential for use of Ethiopian forces by either the Soviets or the Libyans in other parts of Africa or the Persian Gulf also constitute potential threats to wider U.S. regional interests. Finally, the political and economic weakness of many of the friendly states in the region potentially jeopardizes our position and cooperation with them.

II. Current Situation and Trends

Somalia and Sudan weak, vulnerable, threatened.

The present situation in the Horn and its immediate vicinity is a source of heightened concern to the U.S. for several reasons. Ethiopia has clear local military superiority, particularly over Somalia, as evidenced by Ethiopia's ability to stage air and ground attacks on Somalia's border regions with virtual impunity. (See Annex III.) Both the Somali and Sudanese regimes are currently in a state of military, economic and political weakness; the Somali regime is particularly vulnerable, both because of the massive military losses it suffered during its ill-fated Ogaden adventure in 1977-78 and because of its virtual pariah status as the only African state which refuses to accept the basic OAU tenet of sanctity of colonial-era borders.

SECRET

SECRET

-3-

The tripartite Aden pact has made possible concerted Libyan efforts through Ethiopia to bring about the overthrow of both the Somali and Sudanese governments. (See Annex III.) And, although there are practical limits to what the Libyans and Ethiopians may in fact do, the Soviets, who have to date restrained their Horn clients from direct conflicts with U.S. clients which would open up possibilities of confrontation between the two sponsors, have no reason to restrain the Ethiopians or Libyans from such indirect efforts to destabilize our clients.

It should be noted, however, that the most serious danger from Ethiopia to Somalia and Sudan is not direct invasion but subversion and insurgency over a period of years. Had Ethiopia wished to do so, it could have invaded Somalia long since, certainly in 1978 after defeating Somalia's army in the Ogaden. Its restraint has been based on undoubted Soviet opposition to such an overt move against our client, the pragmatic realization that occupation of Somalia would have serious resource and political costs and its own continuing preoccupation since 1978 with more pressing internal problems (e.g. Eritrea), which have increasingly limited its ability to simultaneously project power beyond its own borders. The Ethiopian strategy has been rather to build up its own Somali guerrilla/front organization, the Somali Democratic Salvation Front (SDSF), with the objective of keeping the Somalis off balance and out of the Ogaden, and perhaps ultimately enabling that organization to overthrow the Siad Barre regime and take power in Somalia from within. This process will take several years at a minimum. Ethiopia is also controlling and restricting Libyan involvement with the SDSF, apparently in order to ensure that Ethiopia retains control over the front's strategy and operations. The Libyan effort against Sudan, with which Ethiopia is cooperating although not with full enthusiasm, is being prosecuted more vigorously but is also likely to be a drawn-out process if only because of the organizational weaknesses of the Sudanese groups the Libyans are supporting.

At the same time, neither Sudan's nor Somalia's liabilities are readily subject to quick fixes. Sudan is plagued by near-bankruptcy, woeful shortages of management and technical skills, and longstanding internal divisions which complicate and preoccupy its political life. Although we and our allies are addressing Sudan's financial crisis on an urgent basis, the underlying weakness cannot be overcome for years. Somalia is also economically weak and is even more shaky politically, due both to a basic lack of economic resources and internal tribal rivalries which are inherent conditions not readily subject to change from outside. Additionally, the history of Somali irredentism has not only led to its current military vulnerability vis-a-vis Ethiopia

SECRET

SECRET

-4-

but has also strained its relations with Kenya and Djibouti, and Somali opportunism in pursuit of its irredentist ambitions (specifically its decade-long embrace of the USSR and socialism) has led other potential friends and donors such as the Saudis to be suspicious and standoffish. Improvements in Somalia's relations with these neighbors and potential supporters, although possible as illustrated by the promising recent moves toward Kenyan-Somali rapprochement, will take time, due to the prerequisite of reestablishing basic trust.

Significantly increasing Sudan's or Somalia's security capabilities in the short term, over and above the programs already under way, would be difficult, given our procurement lead-times and the serious organizational weaknesses and limited absorptive capabilities on the part of both recipients. Direct diversion of U.S. weapons stocks or the direct injection of U.S. forces would have a substantial additional positive impact, but past U.S. practice has been only to resort to these actions in the event of the outbreak of significant and sustained hostilities, a point which has not yet been reached in either case.

Further complicating the situation is the fact that current U.S. security assistance programs designed to improve the security situation of friendly states in the Horn region are to a degree contributing to a worsening of the basic financial position of the recipient countries. The recurrent costs (in foreign and domestic currencies) entailed in supporting and maintaining equipment purchased with this assistance, as well as the payment of interest on the credit provided, are becoming an increasing burden on the already shaky economies of Sudan, Somalia and Kenya. Military spending is increasing and competing with other national priorities for scarce foreign exchange--thus encumbering assistance slated for economic development. If additional economic aid is not forthcoming from friendly states, resources will continue to be drained from the civilian economy, further reducing economic growth, increasing inflation, and generally undermining the economic recovery and political stability of the region. (In the case of Djibouti, the economy is already so heavily dependent on French subventions that in practice this problem is not as directly relevant.) Hence, in the absence of further major infusions of economic assistance, our short-term efforts to shore up the security of our friends in the Horn may in fact contribute to their ultimate instability. (See Annex IV.)

Ethiopia becoming more radical, domestically and internationally. Significant elements in the current situation in Ethiopia include:

SECRET

SECRET

-5-

-- the continued presence of 1000 Soviet advisers and 11,000-12,000 Cuban troops four years after their arrival and three and a half years after the defeat of the Somali invasion which provided the initial rationale for their presence;

-- a pattern of intensive visits and consultations between Ethiopia and Libya within the general framework of the tripartite Libyan-Ethiopian-PDRY pact signed in August 1981;

-- indisputable intelligence on Ethiopian cooperation in Libyan-sponsored terrorist and guerrilla operations in Somalia and Sudan;

-- a pattern of hostile and peremptory Ethiopian actions against most of the major European countries (France, Italy, the FRG, Canada) involving policy, aid or property issues;

-- a new high in anti-American rhetoric, in bilateral dealings as well as in Ethiopian public statements and domestic propaganda;

-- the launching of a major new Ethiopian offensive in Eritrea apparently aimed at ending by military force the long-standing Eritrean insurgency; and

-- continuing steps in the direction of the totalitarianization of Ethiopian society, most recently a series of restrictions on the activities of various churches in Ethiopia apparently designed to undermine their status as independent social institutions.

It is difficult to point to significant positive elements in the current situation other than the avoidance thus far of even more serious setbacks: the Ethiopians have not invaded either Somalia or Sudan; they have not broken relations or eliminated our presence in Addis Ababa; and Mengistu has not completely capitulated to Soviet pressures for military access to Ethiopia, the establishment of a communist party, joining COMECON, etc. Nevertheless, current prospects appear to be for a further slide in the direction of international radicalism and increased Soviet influence. Ethiopia's \$2 billion debt to the Soviets for military equipment comes due starting in mid-1982, and present indications are that, unable to meet the necessary

SECRET

SECRET

-6-

current prospects appear to be for a further slide in the direction of international radicalism and increased Soviet influence. Ethiopia's \$2 billion debt to the Soviets for military equipment comes due starting in mid-1982, and present indications are that, unable to meet the necessary payments from their own minimal reserves or from Western sources, the Ethiopians will have to request postponements from the Soviets and/or more funds from the Libyans. There will undoubtedly be a further political price for any combination of Soviet and Libyan help.

A major premise of U.S. policy towards Ethiopia since the revolution has been that underlying Ethiopian nationalism is both consistent with U.S. interests in the area and sufficiently strong to prevent any long-term or intimate Ethiopian alliance with states hostile to us, principally the USSR. We have assumed both that Ethiopian pride would not live easily with Soviet ethnocentrism and clumsiness, and that the Ethiopian leadership as a whole would not perceive its interests as being served by providing significant rights and privileges to the Soviets within Ethiopia or entering into a subservient client state relationship with the USSR economically, militarily and politically.

Although the evidence on this point is mixed, it can be argued that this U.S. premise continues to be a reasonable basis for long-term policy. We have ample reports of friction between the Soviets and the Ethiopians, particularly within the military where the Soviet presence and direct impact are greatest. These include examples of Soviet overriding of Ethiopian desires, condescension towards Ethiopian capabilities, and direct dissimulation and bad faith as to the purposes of Soviet actions. We also have substantial evidence that the PMGSE including specifically Chairman Mengistu also have grievances against the Soviets, particularly for failure to provide the level of economic assistance Ethiopia needs and for unwillingness to assure long-term supplies of oil, and Ethiopia has resisted Soviet pressures in such areas as the granting of Soviet base rights and more rapid movement towards the creation of a Soviet-model party and government.

Ethiopian-Libyan cooperation is also of uncertain longevity. Mengistu does not trust Qadhafi, and the Aden pact was clearly a marriage of convenience through which Qadhafi sought support for his adventurism in the region and Mengistu sought financing for his purposes, inter alia paying his debts to the Soviets. It is increasingly unlikely that Libya will be willing or able to provide the proffered funding (only \$150 million of the agreed \$1 billion in Libyan assistance has yet been delivered), and our own

SECRET

SECRET

-7-

policy measures against Libya are clearly compounding Libya's cash flow problems.

It is also clear that there are fissures within the Ethiopian leadership and key institutions over the direction of Ethiopia's internal political evolution and external alliances. As indicated above, Mengistu's own record indicates mixed feelings concerning the advisability and/or feasibility of some moves favored by the Soviets and/or Libyans. There are both radical and moderate voices among Mengistu's principal associates in the top leadership group, although we do not have good evidence of the existence of factions in any organized sense (such organizational activity would probably be dangerous for any Ethiopian official, as it would likely be viewed by Mengistu as a personal threat.) In addition, military dissatisfaction with government support was openly displayed in public demonstrations by troops in 1981.

The existence of these fissures and differences over the direction of future political development at least supports the possibility of the reassertion of "nationalist" as opposed to radical or leftist views and influence. It is less clear that such a reassertion is likely in the near future, and as previously indicated most present indications are for a continued slide in the direction of radicalism and both domestic and international actions contrary to U.S. interests.

Djibouti: uncomfortably straddling the fence.

Formally nonaligned, carefully neutral in order to avoid entanglement in the dispute between its two larger neighbors, yet almost totally dependent on French assistance and more heavily utilized by the U.S. for military access than any country in the region, Djibouti occupies a somewhat enigmatic position in the U.S. strategy for the Horn region. On the one hand, the Djiboutian leadership is sensitive concerning U.S. utilization of Djibouti's port and airfield and has set limits on the level of our utilization. Djibouti would almost certainly not concur in utilization of its facilities in conjunction with U.S. activities in Somalia (such as military exercises). Nor would the government (or the proprietary French) be easily interested in any formal agreement granting us the access which we have enjoyed to date on the basis of informal understandings with both. On the other hand, however, the Djiboutian leadership has made clear to our Embassy that it feels it receives insufficient U.S. attention and assistance in return for the important access role the country plays in our regional strategy.

SECRET

SECRET

-8-

The Ogaden dispute: breakthroughs not likely but some opportunities worth exploration. Unquestionably the most dramatic improvement in the U.S. position in the Horn would be that achieved by our bringing about a political settlement of the Somali-Ethiopian dispute over the Ogaden. Such a settlement would at the same time remove both the most serious threat to Somalia's security and the principal justification for the continued presence of Cuban troops in Ethiopia, ensuring our position in Somalia and improving Somalia's relationship with Kenya and the African community generally while restoring a U.S. position of influence with Ethiopia.

The Ogaden dispute is long-standing, deepseated and complex, and has been singularly resistant to many previous efforts at negotiation. Both the Ethiopians and the Somalis have in the past consistently resisted proposals for a political settlement at any time when they were in a position of strength, preferring to press their advantage to obtain their maximum position. When they have been weak, their ability to compromise has been restricted both by strong national pride and by the resistance of the other party. The basic elements of this conundrum still pertain, and the likelihood of a dramatic breakthrough must be rated as slim.

Nevertheless, a number of elements in the present situation appear more favorable for at least a probing effort on an Ogaden settlement than has been the case previously. Somalia is virtually prostrate, putting Siad Barre in a position where he would have a direct personal interest in relief from his vulnerability to military attack by the Ethiopians and their SDSF surrogates. The current disarray of the Somali domestic political scene may actually give Siad more flexibility than he might have if he were attempting to keep a broader coalition together. Ethiopia, on the other hand, has virtually consolidated its control over the Ogaden, thus satisfying its nationalist pride, but faces long-term prospects that are far less certain unless it can establish an effective local government structure for the traditionally unruly Ogaden population. Ethiopia's current offensive in Eritrea is proving costly and unsuccessful. At most it might result in a face-saving Ethiopian declaration of victory and the establishment of some sort of puppet "autonomous" regional government, providing a possible model for application in the Ogaden. In any event, this experience is making the Ethiopians increasingly conscious of the long-term economic costs of its military efforts to control its own territory, and of the disadvantages of heavy indebtedness to the Soviets (and, for that matter, the Libyans). As a result the Ethiopian leadership might now be more susceptible to the argument that its interests would be served by

SECRET

SECRET

-9-

a political settlement which offered the prospect of improved security and reduced military outlays.

U.S. Allies and regional friends becoming more concerned. Neither our European allies nor important regional states (including Sudan and Kenya) have in the past considered the situation in the Horn, and particularly the Ethiopian/Soviet/Libyan threat, to be as serious and urgent as we have. The Europeans have believed strongly that Ethiopian nationalism would lead over time to a return of Ethiopia toward a more genuine nonalignment with which the West could live, and have argued that in the interim Western interests were best served by keeping this door open through diplomatic cultivation and economic aid. The Europeans tended to dismiss Libyan-Ethiopian cooperation through the Aden pact as likely to be half-hearted and short-lived. The Sudanese government has shared the European view and has at least until recently made active efforts to maintain its own good relations with Ethiopia (including reductions in support for the Eritrean movements), despite the Ethiopian-Libyan alliance, if only out of a desperate desire to avoid a two-front threat to its security. And finally, Kenya, although concerned over Ethiopia's cooperation with Libya and although pursuing a rapprochement with Somalia partially in response to the Libyan-Ethiopian alliance, remains fundamentally suspicious of Somalia and continues to hedge its bets by maintaining its longstanding defense pact with Ethiopia.

Recent events have caused both the major Europeans and the Sudanese to revise their perceptions of Ethiopia in the direction of our more skeptical position. Ethiopia has in recent months and weeks successively commandeered Italian diplomatic property in Asmara without consultation or advance notice, been unresponsive to a German ultimatum tying further aid to the reopening of a German school in Addis Ababa, diverted Canadian humanitarian aid grain shipments to feed the Ethiopian forces mobilized for the Eritrean offensive, and peremptorily ordered half the French Embassy staff to leave Ethiopia in pique over a French Socialist Party statement regretting the Eritrean offensive. Attacks on Christian churches in Ethiopia have offended the Scandinavians who have ties with several of these churches, and even the staffs of some of the international financial and aid institutions have become increasingly exasperated over trends in Ethiopia. Thus a cooling of European attitudes and some reduction in Western/international organization assistance should be in prospect. This does not necessarily mean that the Europeans will be willing

SECRET

SECRET

-10-

to support strong actions against Ethiopia, but it does open the possibility of a wider consensus than in the past on the seriousness of the situation and the desirability of changing the direction in which Ethiopia is moving.

In the case of Sudan, indisputable and still mounting evidence of Ethiopian cooperation with Libyan-sponsored subversive activities in Sudan has led to a sharp confrontation and a blunt Sudanese warning to the Ethiopians to desist or face counteraction, a challenge met with a bald-faced denial by the Ethiopians. Although the Sudanese will be eager for any signs that Ethiopia is in practice heeding their warning by reining in the dissidents and their Libyan support, the GOS has kept us fully informed of their actions and can be expected to be willing to consult closely with us on any follow-up measures.

U.S. public interest limited but moderately supportive of USG policies. Finally, the Horn has not had significant domestic visibility as a foreign policy issue in the recent period. Following a flurry of Congressional concern over the Soviet use of Berbera in Somalia in the pre-1977 war period, and public and Congressional attention to the human rights situation in Ethiopia in the period between the 1974 revolution and the end of our security assistance to Ethiopia in 1977-78, the Horn largely receded from the public eye. At the time of the establishment of our access agreement and security assistance relationship with Somalia in 1980, a number of important members of the key Congressional committees expressed concern that U.S. assistance might encourage further Somali irredentist activity which in turn might embroil the U.S., concerns which led to the conditioning of security assistance upon the absence of Somali regular forces from the Ogaden. This condition was met in November 1980, and in the subsequent period, during which the threat of Somali irredentism has been clearly a less immediate factor than Somali military vulnerability upon Ethiopian reprisals, we have not encountered Congressional opposition to further increases in the amount and types of defense equipment provided to Somalia.

Although we can expect continued Congressional interest in the general question of military supply to Somalia, and some members of the foreign affairs and appropriations committees would probably question proposals to increase the level of our assistance to Somalia or to provide clearly offensive capabilities (significant quantities of armor, etc.), general Congressional attention to our Horn policy in the immediate future seems more likely to focus on budgetary aspects (overall levels of spending) than on political questions. The one issue that would likely provoke significant attention and questioning in the Congress would be

SECRET

SECRET

-11-

proposals involving the stationing of American personnel in the area or the provision of direct support to local forces in combat-type situations. Any moves to devote significantly greater political and economic resources to the Horn would require concerted action to raise public and Congressional awareness of the perceived threats and to win support for the administration's strategy.

III. Current U.S. Policies, Resource Allocations and Instruments of Influence

Our pursuit of our objectives has led to the following mix of policies in the Horn and its immediate vicinity:

- enhanced security and economic assistance to Sudan as a strategically located moderate state to help it resist threats and subversion from Libya and confront critical underlying economic problems;

- a continuing and strengthened relationship (including increased assistance) with Kenya, as a staunchly pro-western state and one of the best friends of the U.S. in black Africa as well as a key contributor of military access;

- security assistance to Somalia as a counterpart to access to military facilities and (along with economic assistance) in support of the maintenance in power of a government willing to cooperate with us and facing a hostile neighbor backed by the USSR; careful tailoring of security assistance and other aspects of the bilateral relationship to minimize Somali irredentist pressures on its neighbors;

- regular military exercises in the region both to improve our capabilities and those of our regional partners and for deterrent effect as a demonstration of our ability to support our interests and our friends;

- encouragement of closer consultation and cooperation among Somalia, Kenya and Sudan, particularly rapprochement between Kenya and Somalia;

- modest assistance (military and economic) to Djibouti designed to support continued access to French military facilities and to alleviate Djiboutian sensitivities toward these activities on Djibouti territory;

- encouragement of continued support and assistance to our regional friends by our European allies and by other regional states, particularly Egypt and Saudi Arabia;

SECRET

SECRET

-12-

-- a "holding action" approach vis-a-vis Ethiopia, making clear our concerns over Ethiopia's orientation but attempting to maintain our own presence in Addis Ababa for intelligence-gathering (considered by the intelligence community to be of crucial importance to protecting our regional interests) and for contact with the OAU secretariat, as well as to preserve some semblance of dialogue so as not to leave the field completely to the Soviets.

We are making a major investment of resources in a long-term program of strengthening both our own power-projection capability and the military and economic security of our partners in this region. We will invest nearly half a billion dollars annually over the next two fiscal years (FYs 82 and 83), up from just over a quarter of a billion dollars annually over the last two years, and our spending will likely remain at approximately the current level through FY 85. This total includes security assistance and military construction as well as development and humanitarian aid, and will have a substantial cumulative effect on the ground over a several-year period. (See Annexes I and II.) In addition to the long-term impact of these investments on the stability and security capabilities of the regional states, our assistance programs along with our declarations of concern for the security of the friendly states and our regular military exercises in the region are also designed for immediate deterrent effect on hostile forces in the region.

A number of policy instruments are available to the U.S. to exert direct influence in the Horn. These are described in detail in the Annex V, grouped under political, economic and military. They include the traditional range of instruments to support our friends in the region--aid, political and military actions, etc.--as well as means of bringing pressure to bear to deter hostile actions against our interests by or through Ethiopia and/or bring about a reorientation of Ethiopian policy. One general point which should be noted here is that few of the instruments provide much direct leverage on Ethiopia, and the limited leverage we do have must be husbanded and carefully played to ensure maximal, focussed impact. Most of our policy instruments at best can protect and support our friends and raise the costs to the Ethiopians and their sponsors of pursuing the policies to which we object (and/or offer some modest carrots in return for more cooperative behavior). It should also be noted that many of the short-run means of raising costs to the Ethiopians, Soviets, Cubans and Libyans may also have the effect of triggering more active countermeasures on their part and of further entrenching them in their current positions, thus being counterproductive in terms of our short-term deterrence objective and our long-term objective

SECRET

SECRET-13-

of reducing and removing Soviet, Cuban and Libyan presence and influence in the region. The instrument with the greatest potential effect on our overall position in the Horn, a direct negotiation of a resolution of the Ogaden dispute, is among the more problematic in terms of likely response.

IV. A Modified Strategy

The primary conclusions from the foregoing analysis are:

-- The present situation in the Horn warrants some increase in the level of U.S. attention and resources devoted to it, in order to ensure that all the states of the region are clearly aware of the degree of our interest and the objectives of our policy;

-- Our paramount proximate objective should be to prevent the fall of either Somalia or Sudan under Soviet or Soviet-proxy influence; this danger is most immediate in the case of Somalia, whose defense capability is by far the weaker of the two as a result of the losses incurred in the Ogaden war;

-- Enhanced U.S. support for Somalia (and our other friends in the region) is more likely to have positive short-term impact than direct pressure for changes in the policies of Ethiopia or our other opponents;

-- While we should seek to increase the cost to the Ethiopians, Cubans, Libyans and Soviets of their current policies in the Horn, we should recognize that increased fighting in Eritrea and the Ogaden is likely to prolong the Soviet and Cuban presence and may work against our objective of keeping the Soviets out of Somalia and Sudan;

-- The distinct limits to the pace at which the security capabilities of our friends can be increased mean that gestures of support (joint exercises, statements of U.S. concern over their security, etc.) are as important in this context as tangible security assistance;

-- The weakness of the current regimes in Somalia (and Sudan) makes it advisable that our support also be seen as being directed to the continuing institutions which would be the likely source of successors to the current leadership (i.e. the military establishment) as well as to the current leaders.

-- A sudden large increase in U.S. assistance to Somalia would risk further exacerbating tensions in the

SECRET

SECRET

-14-

region (in Kenyan-Somali as well as Ethiopian-Somali relations) and, in the absence of major U.S. diplomatic efforts (and complementary increases of support in the case of Kenya) could seriously complicate our relations with Kenya, jeopardize our presence in Addis Ababa and lead to more concerted Ethiopian action against Somalia.

These conclusions suggest the need for modification of our present strategy in the Horn along the following lines:

-- We should further increase our security assistance to Somalia (by perhaps \$40 million per year in concessional FMS and/or a combination of FMS, IMET and ESF), focussed on enhancing Somalia's visible security capability (logistics and transport, small arms, air defense, anti-tank, etc.) and on enhancing our own influence with both Siad Barre and his likely successors (IMET being particularly important in this regard);

-- To further increase deterrence of hostile action against Somalia (and other friendly states) we should increase the frequency and visibility of joint military exercises in the region, emphasizing smooth increments in order to maximally avoid stimulating an Ethiopian counteraction at any stage;

-- We should work to diffuse Kenyan sensitivity to our increased military supply and cooperation with Somalia by maintaining the rising trend of recent years in overall assistance levels to Kenya (emphasizing ESF rather than FMS for economic reasons) and actively encouraging consolidation of the nascent Somali-Kenyan rapprochement through our Embassies and possibly a visit by a senior official at an appropriate time. (our increased assistance may help move Siad to take concrete actions implementing the rapprochement);

-- We should look for openings to work towards a political resolution of the Somali-Ethiopian dispute over the Ogaden, including encouragement to well-placed third parties (e.g. Sudan) to play an intermediary role at least in the initial explorations;

-- We should seek modest further increases in aid (ESF) to Djibouti, in order to ensure our continued access to military facilities;

-- We should undertake a concerted round of consultations with our European allies and major friendly regional states (including Egypt and Saudi Arabia) to coordinate support for Somalia (and Sudan) and explore the possibilities for more concerted actions vis-a-vis Ethiopia to discourage or counter further Ethiopian cooperation with Libya in destabilizing activities.

SECRET

Annex I

U.S. Military Requirements in the Horn